

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 HEW-06 DEAE-00 CIAE-00 INR-07 IO-13

JUSE-00 NSAE-00 SNM-02 TRSE-00 USIA-15 NSC-05

OES-07 OMB-01 AID-05 /071 W

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P 110738Z MAY 77

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC PRIORITY 4824

UNCLAS HONG KONG 5340

STATE FOR EA/RA GALLAGHER AND EA/EX SCARRITT

STATE PASS NATIONAL INSTITUTE FOR DRUG ABUSE, ROBERT RETKA

E.O. 11652: N/A

TAGS: SNAR, HK

SUBJECT: ACUPUNCTURE TREATMENT PROJECT

REF: (A) STATE 105215 (B) STATE 103793

1. HONG KONG MEDICAL AND HEALTH DEPARTMENT SENIOR OFFICIALS HAVE SIGNED ORIGINAL ACUPUNCTURE PROJECT CONTRACT BROUGHT HERE BY JEAN-PAUL SMITH IN FEBRUARY. HKG NOW PREPARING AMENDMENTS TO CONTRACT IN RESPONSE TO NIDA RECOMMENDATIONS MADE REF B AND DURING TETKA VISIT. HK NARCOTICS COMMISSIONER LEE SAYS THESE AMENDMENTS SHOULD BE READY FOR TRANSMISSION TO NIDA BY FRIDAY, MAY 13. IF NIDA ACCEPTS AMENDMENTS AND SIGNS ORIGINAL CONTRACT, HKG WILL CONSIDER COMPREHENSIVE CONTRACT TO BE IN FORCE.

2. HKG ACCOUNTANTS RESPONSIBLE FOR ACUPUNCTURE PROJECT FIND FUNDS-TRANSFER PROCEDURES OUTLINED REF A SOMEWHAT CUMBERSOME AND HOLDING RISK THAT PROJECT'S CASH FLOW MIGHT BE INTERRUPTED DURING NIDA PROCESSING OF HKG MONTHLY VOUCHERS. HKG WOULD PREFER SIMPLER SYSTEM THAT PERMITS FLEXIBLE EXPENDITURE OF FUNDS, CONTINGENT ON NIDA APPROVAL.

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3. CONGGEN WISHES TO SUGGEST SIMPLE FISCAL PROCEDURES, BASED ON ANALOGY TO THOSE ALREADY USED BY CONFEN IN DISBURSING STATE AND OTHER USG AGENCY CONTRACT FUNDS.
A. NIDA ESTABLISH DHEW FUND OBLIGATION FOR PROJECT, AGAINST WHICH CONGEN CAN CHARGE DISBURSEMENTS TO HKG.
B. NIDA AUTHORIZE CONGEN TO MAKE QUARTERLY ADVANCES

OF US\$24,875 EQUIVALENT EACH TO HKG, IN LIQUIDATION OF WHICH HKG WILL SUBMIT VOUCHERS GIVING COMPLETE DETAILS OF PROJECT EXPENDITURES. EA/EX CAN FAMILIARIZE NIDA WITH THIS ADVANCE/VOUCHER PROCEDURE.

C. CONGEN WILL ESTABLISH DS-35 FORM WHICH WILL SHOW ALL TRANSACTIONS AND BALANCES AT A GLANCE. HKG WILL SUBMIT VOUCHERS AND OTHER REPORTS REQUIRED BY NIDA MONTHLY, WITH COPIES TO BOTH NIDA AND CONGEN. WHEN SATISFIED OF PROJECT'S PROGRESS AND HKG UTILIZATION OF PREVIOUS ADVANCE, NIDA WILL AUTHORIZE CONGEN TO MAKE NEXT QUARTERLY ADVANCE. THUS, NIDA WILL BE ABLE FULLY TO MONITOR PROJECT, ALTHOUGH ALWAYS THREE MONTHS "IN ARREARS," WHILE HKG HAS FUNDS TO MEET PROJECT'S RECURRENT EXPENSES.

D. IN VIEW OF HKG'S EAGERNESS TO BEGIN PROJECT IN EARLY JULY, CONGEN PROPOSES FOLLOWING SCHEDULE FOR QUARTERLY TRANSFER OF NIDA FUNDS TO HKG: FOUR EQUAL INSTALLMENTS OF US\$24,875 IN HK DOLLAR EQUIVALENT, PAYABLE ON JUNE 1, 1977, SEPTEMBER 1, 1977, DECEMBER 1, 1977 AND MARCH 1, 1978.

4. HKG OFFICIALS (PETER LEE, DR. K.L. THONG) AMENABLE TO FUNDS-TRANSFER PROCEDURES OUTLINED ABOVE. IF NIDA AGREES TO USE THEM, HKG WILL CONSIDER THEM AS AMENDMENTS TO PROJECT CONTRACT.

5. IF NIDA AGREES TO THESE PROPOSED PROCEDURES, CONGEN SHOULD HAVE ASAP FISCAL DATE NECESSARY FOR MAKING FIRST QUARTERLY ADVANCE.

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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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